

Message Text

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PAGE 01 LIMA 00284 111749Z
ACTION ARA-14

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C O N F I D E N T I A L LIMA 0284

E.O. 11652: GDS
TAGS: EFIN, PE
SUBJECT: EXIM AND THE FINANCIAL CRISIS

REF: LIMA 0048

1. THE THE OUTSET OF OUR MEETING ON JANUARY 10,
FOREIGN MINISTER DE LA PUENTE HANDED ME A COPY OF
A TELEX FROM EXIM TO THE BANCO INDUSTRIAL (A STATE
BANK). THE TELEX READS AS FOLLOWS:
QUOTE ALTHOUGH YOUR OFF DOES NOT EXPIRE UNTIL AUGUST
31, 1978, IT SHOULD BE NOTED THAT EXIMBANK RESERVES
THE RIGHT TO DENY ANY INDIVIDUAL CFF CREDIT REQUESTS.
FOR THIS REASON, YOU SHOULD NOT COMMIT YOUR FINANCING
UNTIL YOU HAVE RECEIVED EITHER EXIMBANK'S PRELIMINARY
OR FINAL APPROVAL OF EACH CREIDT REQUEST.

BY MEANS OF THIS ADVICE WE WISH TO INFORM YOU THAT
BECAUSE OF THE UNCERTAINTY OF THE AVAILABILITY OF
FOREIGN EXCHANGE IN PERU FOR FUTURE DEBT PAYMENTS,
EXIMBANK IS NOT PREPARED TO APPROVE ANY REQUESTS FROM
YOUR BANKS FOR CREDITS UNDER YOUR CFF CREDIT LINE AT THIS
TIME. WE WILL NOTIFY YOU WHEN WE ARE PREPARED TO CON-
SIDER CREDIT REQUESTS. UNQUOTE.

2. DE LA PUENTE SAID HE WAS BRINGING THIS MESSAGE TO
MY ATTENTION AT THE EXPRESS REQUEST OF THE PRESIDENT.
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PAGE 02 LIMA 00284 111749Z

IN THE FIRST PLACE, THE MINISTER NOTED THE TELEX WAS
SCARCELY COURTEOUS. IN THE SECOND, HE FOUND IT DIFFICULT
TO UNDERSTAND HOW THE USG COULD BE PROVIDING
"MORAL SUPPORT" TO THE GOP IN THIS TIME OF GREAT DIFFICULTY
WHILE AN OFFICIAL U.S. ENTITY SEEMED TO BE DOING
THE CONTRARY. I TOLD DE LA PUENTE I WOULD REPORT HIS
CONCERN TO WASHINGTON.

3. COMMENT: IT IS NOW QUITE APPARENT THAT EXIM IS MOVING AHEAD OF THE BANKS TO CUT OFF PERU'S CREDIT. WHAT IS MORE, EXIM IS CARRYING OUT THAT OPERATION IN THE MOST INSENSITIVE, HAMHANDED FASHION, AS WITNESS THIS PARTICULAR TELEX. IT IS THE KIND OF MESSAGE A DEADBEAT AT HOME GETS JUST BEFORE THE DEPARTMENT STORE TURNS THE COLLECTION AGENCY LOOSE ON HIM. WHY EXIM HAS CHOSEN TO LEAD THE RETREAT FROM PERU IS NOT CLEAR TO US HERE. BUT THE PROSPECTS FOR A SELF-FULFILLING PROPHECY IN WHICH THE MOVEMENT CATCHES ON AND PERU IS FORCED TO RE-SCHEDULE ARE ALL TOO OBVIOUS.

4. WHEN THIS MESSAGE AND THE OTHERS LIKE IT GET OUT HERE, AS THEY ARE BOUND TO DO, THE IMPROVEMENT WE HAVE BEEN PLEASE TO SEE IN US.-PERUVIAN RELATIONS IS LIKELY TO FADE RAPIDLY. I URGE THAT THE DEPARTMENT RAISE THE PROBLEM AT THE HIGHEST POSSIBLE LEVEL WITH EXIM. AT THE VERY LEAST, SOME ATTENTION SHOULD BE GIVEN TO AMELIORATING THE NASTY TONE THAT ENTITY HAS ADOPTED IN DEALING WITH PERU.

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